

## TESTIMONY

José Calderón  
Assistant Vice President  
Hispanic Federation

Before the New York City Council,  
Wednesday, September 3, 2003

### **Two Years after 9/11: Assessing the State of New York's Recovery**

Good Morning, honorable members of Congress, distinguished members of the New York City Council, other eminent guests and my fellow community activists. My name is José Calderón and I am the Assistant Vice President of the Hispanic Federation, a membership organization of 76 Latino nonprofits, which seeks to strengthen, support and develop institutions that advance the quality of life for Latinos in the Tri-State area and beyond. I appear before you to testify about the grave problems that the Hispanic community and other ethnic communities are facing as a result of the economic woes our State is enduring. As most of you know, the social and economic pain New York City suffered during 9/11 continues to reverberate throughout our communities. In fact, recent studies reveal that hundreds of thousands of individuals remain uninsured, unemployed or underemployed, and in need of psychological counseling as a result of the World Trade Center disaster.

#### **September 11<sup>th</sup> and NYC Economy**

Estimates of the impact of the September 11 attack on the New York City economy have ranged from \$20 billion to \$39 billion in lost economic output, and 200,000 lost jobs.<sup>1</sup> Last week, the Fiscal Policy Institute released a report, which highlighted the fact that since March 2001 New York City's job losses have been three times the national rate. According to that report, New York City, which has lost approximately 200,000 jobs since 9/11, has accounted for three-fourths of the job losses statewide.<sup>2</sup> The Fiscal Policy Institute report also found that job losses continued into the first half of this year and that the median hourly wage for New Yorkers in 2003 fell for the first time in three years.

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<sup>1</sup> United Way. 2002. *Beyond Ground Zero: Challenges and Implications for Human Services in New York City Post September 11*

<sup>2</sup> Fiscal Policy Institute, *State of Working New York 2003*

Worse yet, "the outlook for job growth in New York City over the short term is not particularly bright," the report concluded.

### **Impact on Hispanics in New York City**

The findings by the Fiscal Policy Institute mirror the Hispanic Federation's 2003 survey results on Hispanic New Yorkers, which revealed the serious impact that the post 9/11 economy has had on the Latino community. Out of the 800 Latino New Yorkers surveyed in the metropolitan area by the Federation, 18% reported losing a job and 15% reported being forced to work fewer hours. That is to say that one out of every three Latinos reported either losing a job or being forced to work fewer hours.

A striking 62% of Latinos surveyed reported that their family's income had fallen behind the cost of living, with only 32% reporting that they were keeping pace with living costs. It is not surprising then that in summer 2003, half of Latino New Yorkers consider jobs/economy/unemployment as the most important problem facing the City today. In 2001, only 19% of Latinos reported jobs/economy/unemployment as *the* top problem in the City.

It should be noted that almost one in four New Yorkers is Latino, making the wellbeing of the Hispanic community inextricably linked with the health and future of New York City.

### **Continuing social needs and the nonprofit sector**

New York City's 2.2 million Hispanics are the largest minority group in the City, representing 41% of its people of color. It is evident that the economic problems faced by New York's Latino community are reflective of the problems faced by other ethnic communities. The World Trade Center attack had a profoundly adverse impact on those victims who lost jobs or had their work hours substantially reduced in traditionally low-wage industries, such as retail, restaurants and hotels. With little or no savings, no insurance, and less capacity to weather any loss of income, these unemployed or underemployed workers were and remain the most vulnerable victims of the September 11th tragedy.

As the major front-line service providers in New York City, nonprofits have been challenged to respond to the calls for help as never before. And they have done an extraordinary job in

providing city residents with health and child care, job training, emergency food and rent assistance, adult literacy education, and many other vital services. Yet, the foreseeable future for many of the City's neediest residents remains grim because budget constraints have seriously curtailed the capacity of the nonprofit sector to provide comprehensive and continuing support to their clients, and reach those individuals and families that remain at the margins of society.

On behalf of the 76 Latino nonprofits that the Hispanic Federation represents, and the countless Hispanic families that they support with vital human and health services, we are here to ask our council members to make a concerted effort, and challenge our state and federal officials, to invest in our social service sector and work on creating a job recovery package that truly targets the continuing needs of our diverse communities. Thank you.

## José Calderón

Mr. José Calderón is Assistant Vice President at the Hispanic Federation, a membership organization of 76 Latino health and human services agencies whose mission is to strengthen, support and develop institutions that advance the quality of life for Latinos in the Tri-state area and beyond.

Over the past two years, Mr. Calderón has been responsible for managing the Federation's WTC disaster-relief program, which has provided financial assistance and social service coordination to more than 1200 adults and children, providing for their basic food, housing, and other emergency needs. Ms. Calderón also oversees the Federation's numerous community programs and advocacy efforts.

Before working at the Federation, Mr. Calderón worked as the senior Latin American researcher at World Education Services, a not-for-profit organization involved in international education.

Mr. Calderon has a Bachelor of Arts from Hunter College and holds a Master's degree and an advanced graduate diploma in Latin American Studies from St. John's University.

The New York Immigration Coalition  
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Margie McHugh is the Executive Director of the New York Immigration Coalition (NYIC). Formed in 1987, the NYIC is a non-profit umbrella advocacy organization for approximately two hundred groups in New York State that work with "newcomers" to our country - immigrants, refugees, and asylees. Its membership includes immigrant rights advocates, immigrant community leaders, social service providers, community-based ethnic and non-profit organizations, as well as leaders from labor, academia and the legal professions.

The purpose of the NYIC is to provide a forum for the state's newcomer community to discuss urgent issues, and to provide a vehicle for collective action in addressing these issues. In addition to its wide-ranging efforts to coordinate advocacy with and on behalf of newcomer communities, the NYIC also sponsors projects or tasks force activities in several specific areas. These include citizenship and naturalization, legal services, elementary and secondary education, workplace discrimination, voter registration, and community education and action.

Ms. McHugh joined the NYIC staff in 1990, prior to which, she worked in the Mayor's Office as Deputy Director of the 1990 Census Project, and as Executive Assistant to Mayor Koch's Chief of Staff. Since 1992 Ms. McHugh has served on the Board of Directors of the National Immigration Forum in Washington, DC., the country's leading advocacy organization on immigration policy issues.

Ms. McHugh has been a frequent commentator on immigration policy issues, having appeared on CNN, the Jim Lehrer Newshour, and dozens of national and local news programs. She has testified on a wide range of community issues at numerous city and state hearings, and also before federal commissions. She is a graduate of Harvard and Radcliffe Colleges.

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*Comments by Margie McHugh, Executive Director of the New York Immigration Coalition  
9/11 Recovery Forum - Health and Mental Health Panel*

September 3, 2003

Thank you for providing the opportunity to comment on Project Liberty and the ongoing mental health needs of immigrant New Yorkers two years after the September 11<sup>th</sup> disaster. My name is Margie McHugh, I am the Executive Director of the New York Immigration Coalition, an umbrella advocacy organization representing over 150 groups in New York that work with immigrants and refugees.

Before I begin, I would like to thank Congresswoman Carolyn Maloney for being one of the leading voices fighting for fairness around access to FEMA's eviction prevention program – the Mortgage and Rental Assistance program. Through joint advocacy, we were able to accomplish a great deal, expanding access to the Mortgage and Rental Assistance program from 3,500 to over 17,000 individuals and their families. Unfortunately, tens of thousands of New Yorkers who were September 11<sup>th</sup> victims were barred from applying for Mortgage and Rental Assistance. We must recognize that our City's recovery from September 11<sup>th</sup> is ongoing, and we cannot afford to let New Yorkers down again. That brings us to today's topic: government has put into place a highly successful mental health disaster response initiative in partnership with community organizations in the form of Project Liberty; we are calling on our elected officials to ensure that the high demand for mental health services is addressed, even as Project Liberty phases out.

September 11<sup>th</sup> Impacts and Aftermath

The September 11<sup>th</sup> attacks profoundly affected all New Yorkers. For immigrant residents of New York City and their family members, the events that transpired since September 11<sup>th</sup> have been particularly devastating, including widespread job loss, deportations, and dramatic delays in immigration processing. Compounding the stress of heightened terror alerts, the Anthrax scare, and SARS, many immigrants and refugees are vulnerable to an unprecedented backlash.

According to the New York City Department of City Planning, Population Division, as of the Year 2000 Census immigrants comprise 40 percent of New York City's population, and immigrants and their children account for almost two-thirds of the City's population, and just over one-third of New York State's. Forty-seven percent of New York City households speak a language other than English at home, and more than one-quarter of the City's residents are limited-English-proficient, meaning that they would not be able to undergo a psychiatric evaluation, crisis intervention, or counseling using English.

While immigrants were impacted by September 11<sup>th</sup> similarly to other New Yorkers, some aspects of the immigrant experience have been distinct.

- Family members of victims and displaced workers found their access to relief programs hindered by geographic restrictions, language barriers and confusion or outright bars to eligibility due to immigration status restrictions.
- The social and school environments have changed: immigrants have become suspect, and have been made to feel less welcome and accepted.
- The psychological burden of the federal government's array of responses to the attacks of September 11<sup>th</sup>, most particularly the special call-in registration program and NYPD/INS joint initiatives, have undermined any sense of security and much of the trust previously cultivated with government agencies.
- Many immigrants and refugees have experienced trauma in their native countries and in the often difficult process of migrating to the United States. Having believed that they'd made it to a safe haven, many immigrants found September 11<sup>th</sup> to be particularly devastating.

#### The Gap in Access to Mental Health Services

An enormous amount of unmet need for mental health services exists as a result of September 11<sup>th</sup>. The disaster response effort has begun to address some of these needs, and has revealed a larger set of systemic reforms that are urgently called for. Research shows that stress and other predictors of mental health and substance abuse problems are consistently high within the immigrant population. Many immigrants and refugees experience high levels of economic and social marginalization intensified by communication barriers once in America. The lack of availability of adequate mental health services in languages other than English, coupled with under-utilization of available services by immigrants in general resulting from fears, costs, and stigma, point to an area of fundamental need in New York in the aftermath of the September 11<sup>th</sup> attacks.

Prior to September 11<sup>th</sup>, the enormous shortage of trained bilingual counselors, therapists, and social workers made it impossible for many limited-English-proficient New Yorkers to obtain referrals and timely, appropriate mental health services. This situation has been made worse by the almost complete absence of trained medical and mental health interpreters in New York's clinics and hospitals. While mental health services are unfamiliar or culturally suspect to many newcomers, the fact remains that immigrants who seek care or are referred for such services typically face waits of weeks and months to be seen by a provider who can speak their language.

#### Bridging the Gap: New Service Delivery, Innovative Outreach and Programs

As a direct result of Project Liberty, the government's September 11<sup>th</sup> disaster response initiative, immigrant communities that have faced enormous obstacles to accessing mental health supports have benefited from a new array of culturally and linguistically accessible programs and services. Project Liberty has been a model for serving immigrant communities. Over the past eighteen months, community-based organizations, clinics, and social service agencies have recruited and trained bilingual, bicultural professionals and paraprofessionals and done significant outreach resulting in high utilization of innovative new mental health and support services.

Project Liberty is a free and confidential crisis counseling program funded by the Federal Emergency Management Agency (FEMA), whose goal is to assist New Yorkers to return to their pre-disaster level of functioning. The project is administered at the state level by the New York State Office of Mental Health (OMH), and at the city level by the DOHMH. Project Liberty services are open to all residents of the five boroughs of New York City and ten additional designated disaster counties outside of the city, with no immigration status restrictions.

Outreach is a key component to the program and all providers were charged with ensuring that their target populations were aware of these free and anonymous services. Project Liberty has encouraged providers to staff their programs with culturally and linguistically competent individuals who are indigenous to the communities they serve.

Project Liberty programs that work largely with immigrant communities in Lower Manhattan, South Brooklyn, and Central Queens all report that the number of individuals reached in April, May, and June of 2003 remain high, with intake increasing in some cases. This is a reflection of the time it has taken immigrant-serving groups to recruit and train linguistically and culturally appropriate paraprofessionals, foster partnerships, engage in outreach, and build interest and comfort in the community regarding these new services. At the precise moment that services have been created which are distinctly well suited to immigrants, funding for the entire mental health disaster response effort is being phased-out.

Project Liberty funding has had the effect of expanding the capacity of organizations that are embedded in immigrant communities to provide free mental health services and programs in a range of languages to many individuals who have not been able to access crisis supports in the past. Tragically, without sustained funding, these culturally and linguistically accessible programs and community-level supports will disappear, leaving many immigrants once again without urgently needed care and complimentary services. The programs and services that have been introduced to bridge the gap to immigrants since September 11<sup>th</sup> have become vital and must be sustained.

### Recommendations

To address the unmet mental health needs of immigrants and other New Yorkers, the following recommendations must urgently be addressed. The first three recommendations directly address the current disaster response effort; the other recommendations concern the pressing need for systemic change:

- New York State should request additional federal resources and a deadline extension for Project Liberty.
- Public funds should be allocated to address the ongoing mental health needs stemming from September 11<sup>th</sup> that are not crisis-oriented.
- **The 9/11 Mental Health Care and Substance Abuse Program should revamp its model of funding in order to reach a broader range of individuals who are in need of mental health services.**
- In order to ensure that hospitals and clinics can fully serve patients in need of mental health services, government should immediately undertake structural reform of the mental health funding and service delivery system. For example, long-overdue



adjustments should be made to Medicaid reimbursement rates.

- The capacity of immigrant-serving community organizations must be sustained and strengthened to allow them to offer complimentary services, identify mental health needs and make appropriate referrals.
- Providers of mental health services must expand outreach in immigrant communities in order to address immigrants' concerns about accessing services, and to communicate essential information about the cost of services, languages in which they are available, and rights of immigrants to access programs.
- A New York State scholarship fund should be created, in partnership with local universities, to encourage the development of mental health providers who are able to serve immigrant populations.
- Funds must be dedicated to support bilingual and bicultural interpreters who can facilitate immigrant access to existing mental health services and providers.

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**Assessing the State of New York's Recovery Two Years After 9/11**

**Workforce and Jobs Recovery After 9/11**  
**A Forum Hosted by U.S. Rep. Carolyn Maloney**  
**& City Council Speaker Gifford Miller**  
**3 September 2003**

**Testimony by Randall Bourscheidt, President**  
**Alliance for the Arts**

Thank you, Congresswoman Maloney and Speaker Miller, for the opportunity to speak to you today on the important topic of the role of arts in our city's economy and the effect of 9/11 on the entire sector. I am Randall Bourscheidt, the President of the Alliance for the Arts, an organization that has been conducting groundbreaking studies on the economic impact of the arts since the early 1980s.

Last year, a 2002 report by the firm McKinsey & Co. to the Alliance for the Arts updated our economic impact research. Here's what we found, looking at the arts industry in New York City:

Total economic impact:	\$15 billion
Total employment	130,000 (direct and indirect)
Taxes paid to New York City	\$221 million

By any measurement, this is big business. And the arts are key to the success of much larger industries, such as hotels and restaurants.

The immediate impact of 9/11 on the arts industry was severe. Unfortunately, all the information we have is anecdotal, as no formal survey on the effect of 9/11 on the arts has been published. What we do know is that attendance has dropped, and remains 20 percent lower than before. We know that corporate and foundation giving is down, and that state and local budgets have been cut every year post 9/11. According to a recent nationwide study by the Foundation Center and Grantmakers in the Arts, after peaking in 2001, foundation giving for arts and culture decreased 3.5 percent to an estimated \$4.05 billion in 2002; a loss of \$147 million.

While the City and State have struggled to maintain arts funding, the federal government has done almost nothing. It's fair to say that virtually none of the federal money intended to offset the effect of 9/11 has benefited cultural organizations. One exception to that is a one-time, \$1.4 million wage-subsidy program to 50 employers using federal funds administered by the Center for Workforce and Economic Development.

This spring, the Alliance for the Arts and New York Grantmakers in the Arts surveyed major New York City funders to assess the fiscal health of nonprofit organizations. The survey found that 71 percent of these arts funders saw a sizeable increase in the number of applications from New York City cultural organizations over the period of April 2002 to May 2003. These applications revealed increasing financial stress indicated by declining budgets, staff reductions, program reductions, and accumulated debts.

Attendance is a crucial part of a cultural organization's success. It indicates the level of public service being offered and provides a major source of income. Initially every cultural organization suffered catastrophic declines in attendance. This was attributed to a range of factors, including the total elimination of tourism, to a ban on school visits to cultural institutions. We have gradually recovered so that the Metropolitan Museum of Art now reports that attendance rates are 10 percent below the high point in 2000. This is about the same level of Broadway attendance, which this season was down 10 percent from its pre-9/11 level.

According to NYC & Company, 6.8 million international visitors came to New York in 2000. In 2002, this number dropped to 5.1 million, a loss of 25 percent. NYC & Company doesn't have numbers for 2003, but it is widely reported that international tourism remains below the pre-9/11 level. We know that nearly half of these foreign visitors come seeking New York's great cultural experiences—and leave behind millions of dollars for the local economy.

In conclusion, New York City's cultural community has shown its resilience by climbing back nearly to pre-9/11 levels of program activity and economic impact. It has done so, however, without any significant support from the national government—despite presidential pledges of help.

**Ann Kayman, *Chairman and CEO***  
**New York Grant Company**

Ann Kayman, Chairman and CEO of the New York Grant Company, served for four years in the Giuliani and Bloomberg Administrations as head of Business Development and Senior Vice President of the New York City Economic Development Corporation, the City of New York's primary portal to the business community. As such, she assisted thousands of businesses and directed many efforts to help with the recovery of lower Manhattan after September 11<sup>th</sup>. She also worked extensively with federal, state and local agencies, non-profits and business groups, and she is fully conversant with dozens of available programs and incentives. Prior to working with the City, Ann practiced for 14 years as a corporate lawyer for two major law firms in Midtown Manhattan, where she represented diverse national and international clients in complex cases. Ann earned her B.A. *magna cum laude* from Barnard College of Columbia University, and her J.D. *cum laude* from Case Western Reserve University School of Law.

**Talking Points**  
**Ann Kayman 9/3/03**  
**“9/11 Recovery, Two Years Later”**

The New York business community has received much help from the government but is still suffering badly. The ripple effects of 9/11 have been massive and largely unanticipated. These effects have also been exacerbated by prolonged economic recession and other forces. Small businesses in particular need and deserve more relief.

As a community, we have learned a lot in the two years since 9/11, and we are in a position to use this knowledge to correct deficiencies in relief efforts, fill gaps and work together to rebuild. We have come together as a business community in a way never seen before, and we should use this to our advantage.

Many businesses have “fallen through the cracks,” and now with two years of experience, we can address this. Just a few of the gaps are:

- grant programs that need to be more flexible
- technical rule interpretations that need to be less restrictive and more rational in determining need or entitlement
- “zone” boundaries that don’t make sense
- disproportionate and uncompensated losses in and around Ground Zero and Chinatown
- the lack of benefits for companies outside lower Manhattan that did most of their business downtown
- loan programs that require small business owners to put up their homes or personal guarantees as security
- the need for assistance to the arts
- lack of real coordination among organizations and agencies offering assistance
- lack of uniform program guidelines and application procedures
- the need for more hands’ on assistance.

Federal assistance to business was a long time coming after 9/11, and once here, it took far too much time to roll out. SBA was first on the scene with disaster loans, but businesses reeling from disaster could not take out loans. Grants were then provided, but funding was extremely limited. Once the initial funding was used up, it took eight months for applications approved as far back as

December 2002 to get through the system. Other programs due to expire this year or next year need more time to roll out. Grants, rather than loans, are still in high demand. Thus existing programs should be extended, and new grants should be made available to address the above gaps. An overall coordinating committee of key relief agencies would also be very helpful.

Small business is the lifeblood of New York City. More than 90% of the City's businesses have fewer than 200 employees. Small business is also the source of our creative energy, entrepreneurship, invention and success that makes our City special and different from everywhere else in the country. If we lose this edge, it would be a monstrous shame. Government programs and policies need to recognize this.

Bruce G. Herman  
Director  
Center for Workforce and Economic Development

Under the auspices of the Consortium for Worker Education and NYC Central Labor Council, Bruce Herman established the Center for Workforce and Economic Development (CWED) in order to develop and implement a sector-based, high road partnership approach to workforce and economic development in New York City. Before joining CWED, Bruce was the founding Executive Director of the Working for America Institute, an official arm of the AFL-CIO dedicated to building a high value-added, socially inclusive, high road economy. He also served as President of the Garment Industry Development Corporation (GIDC), a leading example of a tripartite, labor-led, sector-specific, economic development initiative. Bruce holds a master's degree in Political Science from Columbia University and was the recipient of a Fulbright-Hayes scholarship, during which time he studied in Northern Italy where he examined the role of the Italian metal workers union in successful regional economic development.

**Testimony by Bruce Herman**  
**Director, Center for Workforce and Economic Development**

**Hearing before**  
**Honorable Congresswoman Carolyn Maloney and**  
**Honorable Speaker of the City Council Gifford Miller**

**September 3, 2003**

Good morning. My name is Bruce Herman and I am the director of the Center for Workforce and Economic Development (CWED) a collaborative project of the Consortium for Worker Education and the NYC Central Labor Council AFL-CIO. Thank you for inviting me to today's hearing.

I would like to begin with an overview of our employment stabilization and job creation program through wage subsidy a program designed to provide incentives for sustain and expand job opportunities in New York City. Funded by a Federal emergency grant after the September 11<sup>th</sup> attack, the program provides wage subsidies to primarily small and mid-sized businesses impacted by September 11<sup>th</sup> so that they can maintain and grow their workforce rather than downsizing. During the program, which recently came to an end, CWED allocated over \$15 million to hire, re-hire, retain and promote over 3200 individuals from over 300 firms. Impressed by the results of the program, the Andor Capital Foundation committed \$300,000 to assist an additional eleven organizations. CWED also received an additional \$800,000 from the September 11<sup>th</sup> Fund to provide wage subsidies to employers who hire unemployed individuals from the Safe Horizons database, people who lost jobs or experienced severe loss of income between September 11, 2001 and January 11, 2002, and worked South of Canal (or in portions of Chinatown and Little Italy).

Our analysis of the program's impact in the industries we serve – arts/entertainment, transportation, health care, hospitality, food service, retail, construction, manufacturing (especially garment), IT, communications, and finance – indicates a significant multiplier impact. By helping New Yorkers get and keep jobs, the program supports both workers and businesses. Workers are hired, re-hired, retained, or promoted; production increases; businesses achieve a competitive edge; and spending and investment, through workers' salaries and taxes generated, increases citywide. For example, the Queens Theater in the Park (QTP) received a wage subsidy of \$80,000 which allowed them to stabilize 13 positions and go forward with 12 productions which were in jeopardy of cancellation. The productions provided work for actors, stage managers, musicians, choreographers, crewmembers, and designers and also led to increased revenue for local parking garages, restaurants, and other related businesses. As an incentive to retain subsidized employees the program offers an additional 10% of wage subsidy after the initial 90 day subsidy period. To date, over 90% of firms have accessed this incentive.

We also conducted a survey of companies 180 days after they received the wage subsidy. **In response to the question about whether they have been able to retain the persons covered by their CWE contracts, 91% have experienced retention of formerly subsidized individuals** (65% reported they have continued employment of all of the formerly subsidized individuals and 25% reported having kept on at least half of



the formerly subsidized individuals). Furthermore, 85% responded that their business is stronger because of receiving wage subsidy support.

Clearly, this relatively modest federally-funded program has had profound results.

But the employment crisis is not over, and government at all levels can not afford to forget about working New Yorkers. Over 300,00 individuals in our city are still unemployed, and according to Department of Labor data released this weekend, the percentage of individuals classified as "long-term unemployed" (27 weeks or more without work) is at a nine-year high. We are working to cobble together public and private funds to continue this much needed program, and we encourage your support of these efforts. Even in this time of budget crisis there is funding available.

New York was allocated \$2.3 billion to support rebuilding of which \$1.1 billion of Community Development Block Grants funds is still unspent. Rather than squandering that money in large retention deals like the highly publicized \$25 million to American Express to stay in Lower Manhattan after they had announced their decision to stay, the remaining funds should be used to develop a Liberty Jobs program. We could use the remaining money to create 25,000 fully subsidized jobs in government agencies and nonprofits to repair schools, upgrade parks and provide other much needed services to enhance the quality of life throughout the city. In addition to these public jobs, we could also create and retain at least 35,000 jobs by partially subsidizing the wages of companies hurt by September 11. Liberty Jobs would put unemployed New Yorkers to work today, putting money in the pockets where it would do the most good.

In addition to supporting these short and medium term strategies, CWED is working on its long term strategy of building and strengthening sector-based intermediaries. These intermediaries often called "high road partnerships" bring together educational institutions, government agencies, community groups, unions and far-sighted employers to analyze labor markets, create industry-specific needs assessment, and jointly identify and problem-solve industry and worker needs including but not limited to worker education, skills upgrades, career ladders, career transitions, new technology upgrades, and capital investments. High road partnerships vary in structure, employ different strategies, and have different funding sources. But they share a common goal: to build an economy based on skills, innovation, opportunity, sustainability, and equitably shared prosperity rather than one based on lower living and working standards and weak communities. Administering the wage subsidy program has been paramount to these efforts, as developing relationships between business, community, labor, and government have both maintained and grown jobs locally, and have helped integrate the city's workforce and economic development systems.

For instance, we are working with both the Building Trades Employer Association (BTEA) and the Building and Construction Trades Council (BCTC) to establish a continuum of programs and services which support the physical, economic, and social revitalization of Lower Manhattan. Among the projects geared to stimulate local job creation and business growth while supporting the effort to rebuild, we are looking to establish a construction industry training academy that includes pre-apprenticeship, apprenticeship,

journeymen, and management training. We are also exploring ways to broaden local and domestic sourcing for the rebuild effort, including strategies for promoting green manufacturing in New York City.

Furthermore, we are supporting established sector-initiatives around the city, including the Restaurant Opportunities Center of New York (ROC-NY), which was originally formed by community groups and labor unions after the tragedy of September 11<sup>th</sup> to help Windows of the World workers find new jobs, and the Artisan Baking Program, a collaboration of the baker's union Local #3, multiple baker owners and the Consortium for Worker Education.

Our goal is not only to get people jobs but to place them in positions which will pay a family sustaining wage and provide possibilities for job advancement. In this regard – through both our wage subsidy program and the creation of sector-based partnerships – we are establishing programs and relationships to help New York City's economy and workers during this economic downturn and beyond. We encourage you to continue supporting us in these efforts. The strength of our city depends on it.

**James A. Parrott, Ph.D.**  
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James Parrott is the Deputy Director and Chief Economist of the Fiscal Policy Institute (FPI), a non-partisan public policy research organization dealing with New York fiscal and economic issues and workforce and economic development policies. FPI works with a broad range of human service, advocate and labor organizations to further the development and implementation of public policies that create a strong economy in which prosperity is broadly shared by all New Yorkers.

Parrott provides regular commentary on economies of New York City and New York state. He is the lead author in preparing FPI's biennial report, The State of Working New York. He is also one of the co-convenors of the Labor/Community/ Advocacy Network to Rebuild New York, a network of 60-plus organizations working to advance a progressive agenda for the economic redevelopment of Lower Manhattan in the wake of the September 11 terrorist attack.

Prior to joining FPI, Parrott was Chief Economist and Director of the Bureau of Fiscal and Economic Analysis for the Office of the State Deputy Comptroller for New York City (OSDC). From July 1997 through January 1998, Parrott was the Acting State Deputy Comptroller for New York City. In previous positions Parrott had been Chief Economist for the City of New York's economic policy office under Mayor David N. Dinkins and Executive Assistant to the President of the International Ladies' Garment Workers' Union (now U.N.I.T.E.).

While working for the City of New York, he was the principal author of Strong Economy, Strong City: Jobs for New Yorkers, an extensive economic development blueprint outlining strategies for several leading sectors. Among his many publications on the New York economy are The State of Working New York, The Illusion of Prosperity, and New York City's Economic and Fiscal Dependence on Wall Street. He is also the author of "Bolstering and Diversifying the New York City Economy", published this past summer in The Century Foundation volume, Rethinking the Urban Agenda: Reinvigorating the Liberal Tradition in New York City and Urban America.

He received his B.A. in American Studies from Illinois Wesleyan University and his M.A. and Ph.D. in Economics from the University of Massachusetts at Amherst.

**Testimony by James A. Parrott, Ph.D.  
Deputy Director and Chief Economist  
Fiscal Policy Institute**

**Two Years After September 11:  
Assessing the State of New York's Recovery**

**Public Forum  
New York Congressional Delegation  
New York City Council Committee on State and Federal Legislation  
New York City Council Committee on Lower Manhattan  
Redevelopment**

**New York City  
September 3, 2003**

Good morning, my name is James Parrott, Deputy Director and Chief Economist of the Fiscal Policy Institute (FPI). FPI has extensively analyzed the economic impact of the September 11<sup>th</sup> terrorist attack on the World Trade Center and closely follows the budgets and revenue trends for the City and the State of New York. We have also followed very closely the dimensions of the 2001-2003 recession in New York and the United States, most recently in a report issued earlier this week.<sup>1</sup>

From 1997 to 2000, New York City experienced an exceptionally strong economic growth, a growth that was boosted substantially by the dot-com frenzy and heightened activity on Wall Street. We now know that much of that was the result of unsustainable "bubble" conditions. The 2001-2003 recession in New York has been marked by the bursting of the dot-com and Wall Street bubbles. Still, there is no question that, given the nature of the September 11 attack and its aftermath that September 11<sup>th</sup> has made the New York economy substantially and profoundly worse over the past two years.

Since the peak month for employment in New York of December of 2000, New York City has lost 240,000 jobs through July of this year. At least 100,000, or 40 percent, of that job loss is a direct result of September 11. In the six months following September 11, FPI prepared, and worked with other organizations on, several reports on the economic impact of September 11. Our March 8, 2002, report found that the 73,900 workers lost jobs as a direct result of the terrorist attack. Adjusting this number to account for the jobs relocated outside of the city as a result of the attack and to take account of a substantial upward revision in March 2003 in the city's 2001 job loss by the State Labor Department yields a total job loss of the city as a result of September 11 of at least 103,500.<sup>2</sup>

The September 11 employment impact hit a broad range of industries from securities, to hospitality, restaurants, apparel manufacturing, and air transportation, among others. Jobs were affected not only in Lower Manhattan, but in all of Chinatown, midtown, and stretching out to the airports at both the northern and southern ends of Queens. In addition to lost jobs, the impact on workers includes reduced wages in industries where business volume declined significantly and workers were forced to accept reduced schedules (e.g., in apparel manufacturing) or reduced compensation (e.g., among taxi and limousine drivers).

During the fourth quarter of 2001, the period when the economic fallout from the Trade Center attack was concentrated, New York City's 2.1 percent job decline was three times the nation's job loss. In industries hardest hit, such as air transport and hospitality, New York City suffered job losses five times as great as did the nation.<sup>3</sup>

Calculating the total economic impact of the September 11 attack must account for, in addition to the lost wages, productivity and business activity that lost jobs represent, the damage to physical assets, health effects, clean-up costs, lost profits and losses to non-profit organizations, lost tax revenues. To my knowledge, there have been no fully comprehensive estimates of what the total economic impact has been. Fairly comprehensive estimates of the total economic impact by the New York City Partnership and the City Comptroller's Office range from \$83 billion to \$105 billion.<sup>4</sup>

Tax revenue losses suffered by the City and the State were estimated at \$8.8 billion by the City's Office of Management and Budget and the State Division of the Budget. The U.S. General Accounting Office reviewed these estimates and consulted a number of economists and fiscal experts and concluded that these revenue loss estimates were reasonably associated with the September 11 terrorist attack.<sup>5</sup>

In addition to these costs, New York City will endure a continuing, and I think substantial and permanent, cost related to the terrorist attack in terms of the effect on business location decisions. Because there will never be a return to the "normalcy" of the pre-attack era, our economy will pay a price for a long time.

It is difficult to definitively disentangle the economic effects of September 11 from the effects of the recession. In the absence of the severe recession we continue to feel, more of the 9/11-economic displacement might have come back. But there is also no denying that since business and consumer confidence is such a fundamental ingredient to our economic health, that 9/11 shattered that confidence and made an enormous difference in making the recession as severe as it has become. The build-up to the Iraq War and the War itself decimated consumer and business confidence earlier this year and lengthened the period of "jobless recovery".

The 240,000 jobs lost in New York City since the pre-recession, pre-9/11 employment peak, amount to a 6.4 percent job loss. That is more than three times

the nation's job loss since the beginning of 2001. This magnitude of job loss means that it will probably be at least 2009 before New York City regains its pre-recession, pre-9/11 employment level. And that is according to the latest economic forecast of the City's Office of Management and Budget.<sup>6</sup>

While the city's 6.4 percent job loss is not as bad as the 10 percent job loss suffered during the 1989-1992 recession, the wage and income loss suffered by New York City in 2002 in the wake of 9/11 have surpassed the worst of the last recession. In fact, the *drop* in total real personal income received in New York City in 2002 is estimated at four percent, making it a greater one-year slide than in any other year in the 32 years (back to 1970) for which data exist.<sup>7</sup>

Given the magnitude of the economic losses suffered by New York, the \$20 or so billion in federal aid to New York falls short. For example, in regard to lost tax revenues, very little of the \$8.8 billion in lost revenues has been offset by federal aid. Federal aid is needed to help counter the city's unemployment crisis that 9/11 had such a big impact on. Federal aid is needed to fund an emergency job creation program to put people back to work, to maintain the stability of our communities, to revitalize the local economy, and to rebuild our tax base.

Because the unemployment situation is truly a crisis, we should first look at the federal funds that are already in hand. As part of the federal funding to repair the economic damage wrought by the trade center attack, the Lower Manhattan Development Corporation (LMDC) still has about \$1.2 billion in federal funds. These funds could launch a **Liberty Jobs** program that would create or retain 60,000 jobs plus 10,000 more through a multiplier effect. All that is needed is agreement between the Mayor and the Governor who control the LMDC.

A proposal by a coalition of over 50 unions and community organizations, the Labor Community Advocacy Network to Rebuild New York (LCAN) (***Revitalize New York by Putting People to Work***<sup>8</sup>), calls for two types of **Liberty Jobs**. The first would involve partially subsidizing wages to stabilize employment at companies affected by September 11, or to lower the threshold for other firms to hire workers. The second type would be fully subsidized public service jobs in government agencies or nonprofits where workers would contribute to the city's social capital and improve the quality of life through such activities as upgrading parks, repairing schools, or expanding English classes or child care services.

Where possible, it would be preferable for the **Liberty Jobs** program to subsidize private jobs with the potential to become permanent when the subsidy runs out. However, private employment demand has been slumping for the past 31 months and as long as it remains weak, public service employment is the best option for the jobless.

**Liberty Jobs** can help revitalize Lower Manhattan and communities throughout the city suffering from the trade center attack and the prolonged recession. Without this

program, mass unemployment and the attendant ills it causes will fester at unacceptably high levels for years to come.

In addition to the **Liberty Jobs** emergency job creation plan, the LCAN proposal calls for two initiatives that would represent a significant reorientation of New York City's economic development strategy.

- 1) **Make Rebuilding a High-Road Zone.** As we invest public resources in making Lower Manhattan and selected parts of the city good places to do business, we must also make sure that the jobs that are created there are good jobs. Creating a "high-road" zone would be a way to make sure businesses that benefit from public investment also create good standards for salaries, benefits, and work conditions.
- 2) **Establish Sector Groups to Diversify the City's Economy.** For too long, the city's economic development strategy has centered on firm-by-firm deals. Instead, New York's economic development efforts should pursue a proactive diversification strategy guided by sectoral groups made up of business, labor, community, and university leaders. The LCAN proposal calls for \$5 million in funding that could be provided by the LMDC to establish a competitive grant process to encourage industries to form collaborative sectoral initiatives. (This could be modeled on the State's Strategic Industries Grant Program that existed in the early 1990s.)

LCAN's proposal combines short- and long-term economic strategies to counter the recession and to re-orient City economic development policies toward a job-based strategy for economic diversification and high-road growth.

Thank you.

<sup>1</sup> Fiscal Policy Institute, ***The State of Working New York 2003: The Impact of the 2001-2003 Recession on the Empire State***, September, 2003.

<sup>2</sup> See Fiscal Policy Institute, ***The Employment Impact of the September 11 World Trade Center Attacks: Updated Estimates based on the Benchmarked Employment Data***, March 8, 2002. The March 8 report estimated that the city lost 73,900 jobs during the fourth quarter of 2001 where workers likely were laid off., and another 13,000 jobs that were relocated outside of New York City in the wake of the attack. As the text notes, when the 2002 "benchmark" employment revisions were released in March 2003, the State Labor Department revised upward New York City's loss of jobs in 2001 by about 50,000, with most of this revision attributed to the second half of the year. A conservative estimate of the share of this revision attributed to September 11 would be one-third, or 16,600. Adding together the 73,900 dislocations from the March 8 report, the 16,600 from the 2002 benchmark revision and the 13,000 relocations totals 103,500 jobs lost to New York City.

<sup>3</sup> Fiscal Policy Institute, ***Tale of Two Recessions: The Current Slowdown in NYC Compared to the Early 1990s***, December 3, 2002, p. 3.

<sup>4</sup> New York City Partnership and Chamber of Commerce, ***Economic Impact of the September 11<sup>th</sup> Attack on New York City***, November 2001, revised Feb. 11, 2003; City of New York, Office of the Comptroller, ***The Impact of the September 11 WTC Attack on NYC's Economy and City Revenues***, Oct. 4, 2001. A November 2002 study by analysts at the Federal Reserve Bank of New York reports a total labor and capital loss from the September 11 attack in the \$33 billion to \$36 billion range. However, among other things, this study only considered lost wage earnings through June 2002, did not include lost tax revenues, lost profits, non-profit organizational effects, or costs to the hospital system, and did not include an estimate for the health effects in its total. "Jason Bram, James Orr, and Carol Rapaport, "Measuring the Effects of the September 11 Attack on New York City," ***Economic Policy Review*** (Federal Reserve Bank of New York), November, 2002, pp. 5-20.

<sup>5</sup> U.S. General Accounting Office, ... (July 2002))

<sup>6</sup> See New York City Office of Management and Budget, "Monthly Economic Conditions," June 6, 2003.

<sup>7</sup> See ***The State of Working New York 2003: The Impact of the 2001-2003 Recession on the Empire State***, p. 8.

<sup>8</sup> Labor Community Advocacy Network to Rebuild New York (LCAN), Revitalize New York by Putting People to Work, A Jobs-Based Strategy for Economic Diversification and High-Road Growth, July 11, 2003.



**Kathryn S. Wylde**  
**Biographical Summary**

Kathryn S. Wylde is President & CEO of the Partnership for New York City, the city's premiere business leadership organization. The Partnership has been responsible for significant programs in housing and economic development, education, public safety and employment.

Wylde is also the founding President & CEO of the New York City Investment Fund, a \$100 million subsidiary of the Partnership, which provides financial support and business expertise to assist projects that stimulate job creation and economic growth in the city and its neighborhoods.

Previously, Wylde served as founding President & CEO of the nonprofit New York City Housing Partnership, building it into one of the nation's largest producers of affordable housing. The Housing Partnership has sponsored development of more than 20,000 owner-occupied homes and rental apartments, valued in excess of \$2.5 billion, and spurred revitalization of economically distressed communities.

An internationally known expert in housing and economic development, she has advised or consulted with foundations, cities and nonprofit organizations and authored a number of articles and policy papers. Prior to joining the Partnership, she led a nonprofit community development corporation in Brooklyn, served as a senior executive in a community hospital and administered the community reinvestment program of a major savings bank.

## **POST-9/11 ECONOMIC INDICATORS**

### **1. Assembled by the Partnership for New York City**

#### **VENTURE CAPITAL**

##### **§ Number of NYC Firms Securing Venture Capital**

4Q 00 1Q 01 2Q 01 3Q 01 4Q 01 1Q 02 2Q 02 3Q 02 4Q 02 1Q 03 2Q 03

73 62 55 49 46 17 21 21 11 19 16

(Source: VentureSource)

#### **AIRLINE PASSENGER TRAFFIC**

Still depressed passenger volumes appear to be slowly rising, up 1.8% this June from last year.

##### **§ Annual Passenger Volumes, January - June (JFK, LGA, EWR)**

2003 = 39,003,623 2002 = 38,456,239

2001 = 44,166,012 2000 = 44,562,483

(Source: Port Authority of New York and New Jersey)

#### **FINANCIAL ACTIVITIES**

The financial activities sector has lost over 10,000 workers since July 2002 (a 2.4% fall) and almost 45,000 workers since July 2001-a 9.29% decrease over those 24 months.

##### **§ Jobs in Financial Activities Sector**

July 2003 July 2002 July 2001

Employment 438,600 449,400 483,500

12mo%ch -2.40% -7.05% -1.67%

24mo%ch -9.29% -8.60% 0.10%

(Source: New York State Department of Labor)

*Data not seasonally adjusted*

#### **RETAIL**

Employment in retail trade has remained fairly stable over the past twelve months (July 2002 - July 2003), a decrease of only 0.72%. Since July 2001 however, employment in the retail sector has dropped by over 2%.

##### **§ Jobs in Retail Trade Sector**

July 2003 July 2002 July 2001

Employment 260,400 262,300 266,600

12mo%ch -0.72% -1.61% -3.41%

24mo%ch -2.33% -4.96% 0.72%

(Source: New York State Department of Labor)  
*Data not seasonally adjusted*

## **PROFESSIONAL AND BUSINESS SERVICES**

In the professional and business services sector, employment has fallen by nearly 9% since July 2001.

### **§ Jobs in Professional and Business Services Sector**

**July 2003 July 2002 July 2001**

**Employment** 534,100 545,600 585,500

**12mo%ch** -2.11% -6.81% -1.13%

**24mo%ch** -8.78% -7.87% 5.12%

(Source: New York State Department of Labor)  
*Data not seasonally adjusted*

## **INFORMATION**

The information sector, which includes publishing and broadcasting media, lost nearly a fifth of its workforce since pre-9/11 levels-more than 37,000 people lost employment over the period.

### **§ Jobs in Information Sector**

**July 2003 July 2002 July 2001**

**Employment** 164,400 173,200 201,600

**12mo%ch** -5.08% -14.09% 6.39%

**24mo%ch** -18.45% -8.60% 14.74%

(Source: New York State Department of Labor)  
*Data not seasonally adjusted*

## **TOURISM**

Both domestic and international visitor numbers are expected to increase this year. According to NYC & Company, more than 11 million young people and their families visited NYC last year, making family travel the fastest growing segment of the city's tourism industry.

### **§ Visitors to NYC**

#### **Domestic International**

**1998r** 27.1 million 6.0 million

**1999r** 29.8 million 6.6 million

**2000r** 29.4 million 6.8 million

**2001** 29.5 million 5.7 million

**2002e** 30.2 million 5.1 million

**2003e** 30.5 million 5.4 million

(Source: NYC & Company)

## § Direct Visitor Spending

1998 \$14.7 billion

1999 \$15.6 billion

2000 \$17.0 billion

2001 \$15.1 billion

2002e \$15.1 billion

2003e \$15.5 billion

(Source: NYC & Company)

*r = revised; e = estimate*

## § Broadway Ticket Sales

**2001 Jan Feb Mar Apr May Jun**

\$11,010,665 \$12,204,960 \$13,799,317 \$15,306,808 \$14,569,842 \$13,639,717

**Jul Aug Sep Oct Nov Dec**

\$13,442,959 \$12,474,260 \$9,046,125 \$11,932,985 \$13,843,556 \$18,505,473

**2002 Jan Feb Mar Apr May Jun**

\$10,074,345 \$12,577,964 \$15,166,067 \$14,400,783 \$15,295,729 \$13,625,525

**Jul Aug Sep Oct Nov Dec**

\$13,826,063 \$13,693,430 \$12,462,265 \$14,436,870 \$14,073,029 \$21,351,241

**2003 Jan Feb Mar Apr May Jun**

\$13,352,355 \$13,796,065 \$12,571,954 \$16,179,234 \$15,157,591 \$14,758,697

**Jul**

\$13,897,761

(Source: The League of American Theatres and Producers, Inc.)

## § Broadway Theater Attendance

Although theater attendance during July was down from prior years, at 207,375 compared to 229,616 in 2002 and 235,570 in 2001, overall attendance numbers for the year to date indicate that Broadway may be in the beginnings of a rebound from last year's slump.

**Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec**

2001 194,298 222,272 251,032 285,379 258,208 236,507 235,570 215,801 160,677 221,263 217,988 270,968

2002 165,947 207,728 248,004 243,039 251,168 222,782 229,616 224,680 198,236 226,908 216,884 290,260

2003 217,940 219,476 200,029 253,751 239,443 223,773 207,375

(Source: The League of American Theatres and Producers, Inc.)

## § Average Daily Hotel Room Rate

Despite significant reductions in room rates, hotel occupancy during the first half of 2003, although relatively high in June, has been lower than both 2001

and 2002.

**Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec**

**1999** \$188.39 \$194.95 \$195.68 \$207.98 \$214.19 \$210.14 \$187.01 \$185.55 \$220.76 \$240.68  
\$246.69 \$273.96

**2000** \$205.34 \$202.94 \$207.42 \$222.33 \$233.90 \$234.73 \$202.35 \$203.55 \$251.67 \$262.59  
\$264.20 \$266.83

**2001** \$208.26 \$209.40 \$208.46 \$216.67 \$221.03 \$217.85 \$188.86 \$187.47 \$197.44 \$185.39  
\$202.45 \$202.45

**2002** \$183.16 \$187.93 \$183.59 \$194.37 \$199.73 \$191.83 \$170.53 \$169.18 \$195.35 \$210.74  
\$212.08 \$223.16

**2003** \$177.70 \$177.47 \$172.62 \$177.97 \$184.94 \$182.15

(Source: PKF Consulting)

§ **Hotel Occupancy**

**Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec**

**1999** 65.6% 72.8% 81.2% 80.5% 81.8% 81.1% 78.4% 81.6% 87.4% 90.1% 88.9% 74.1%

**2000** 67.7% 79.9% 86.2% 89.4% 87.1% 87.4% 82.6% 85.0% 88.8% 86.5% 85.9% 76.1%

**2001** 65.7% 74.3% 76.5% 77.6% 77.9% 79.0% 74.0% 76.8% 61.9% 70.7% 75.9% 72.1%

**2002** 62.0% 72.0% 76.0% 76.0% 77.6% 77.6% 72.7% 76.7% 75.0% 80.9% 78.2% 78.8%

**2003** 61.5% 69.2% 68.3% 67.7% 76.2% 79.8%

(Source: PKF Consulting)

**COMMERCIAL REAL ESTATE**

The availability rate Downtown fell sharply from 17.0% to 14.9% at the close of the quarter, as a number of large transactions were signed. Six transactions were over 50,000 sf. The top three were HIP Health Plan of New York for 486,000 sf at 55 Water Street, Oppenheimer Funds for 206,000 sf at 2 WFC, and NYC Teachers' Retirement System for 157,702 sf at 55 Water Street. The rise in leasing activity reflects a positive turnaround for the area. Average asking rental rates Downtown slid from \$35.72 psf to \$34.99 psf.

§ **Availability Rate**

**1Q 2002 2Q 2002 3Q 2002 4Q 2002 1Q 2003 2Q 2003**

**Midtown** 10.8% 11.2% 12.0% 12.9% 13.2% 13.9%

**Downtown** 14.2% 15.8% 16.3% 16.1% 17.0% 14.9%

§ **Average Asking Rent**

**1Q 2002 2Q 2002 3Q 2002 4Q 2002 1Q 2003 2Q 2003**

**Midtown** \$54.87 \$53.96 \$54.26 \$51.61 \$50.93 \$49.22

**Downtown** \$38.31 \$38.81 \$37.53 \$35.40 \$35.72 \$34.99

(Source: Newmark Real Estate & Financial Service)

## RE-OPENINGS AND OPENINGS

### § Newly Signed Leases After 9/11

Amish Market (17 Battery Place)  
Ann Taylor Loft (2 Broadway)  
Ann Taylor (World Financial Center)  
Au Bon Pain (World Financial Center)  
Borders Books (100 Broadway)

Chase Bank (280 Broadway)

Cosi (World Financial Center)  
Crunch Gym (25 Broadway)  
Duane Reade (280 Broadway)  
Duane Reade (45 Pine Street)  
Estee Lauder Co. Store (100 Church Street)  
Gap Kids (World Financial Center)  
Godiva (World Financial Center)  
Hallmark (World Financial Center)

Les Halles (15 John Street)

Modells (280 Broadway)  
Nine West (2 Broadway)

Nine West (179 Broadway)  
Ritz Carlton Hotel (2 West Street)  
Southwest NY (World Financial Center)  
Starbucks (233 Broadway)  
Starbucks (115 Broadway)  
Starbucks (World Financial Center)  
Washington Mutual (270 Broadway)

### § Reopenings

Borders Books (Moved to 100 Broadway)  
Brooks Brothers (1 Liberty Plaza)  
Century 21 (22 Cortlandt Street)  
Embassy Suites Hotel New York City (BPC)  
J&R Music World (Park Row)  
Millenium Hilton (55 Church)  
United Artists Battery Park Stadium 16 Multiplex (BPC)

(Sources: Wall Street Rising and other sources)**LOWER MANHATTAN IMPROVEMENTS**

§ **\$25-Million Grant for Green Space**

A LMDC grant, funded by HUD, will allow NYC to create new green space in Lower Manhattan and rehab existing facilities. At least 13 sites will either be created or upgraded within a period of two years.

(Source: Lower Manhattan Development Corporation)

§ **Timeline**

**Mid June 2003** - Groundbreaking of the Elevated Acre at 55 Water Street, the first park redevelopment commenced in Lower Manhattan since 9/11

**Fall 2003** - Selection of WTC Memorial Design

**Nov-Dec 2003** - Temporary WTC PATH Terminal opens

**April 2004** - Completion of LMDC study on Lower Manhattan airport and commuter access alternatives

**Late 2004** - Fast Ferry to LaGuardia begins service

**2004-2005** - Permanent WTC PATH Terminal groundbreaking

**End 2005** - Fast Ferry to JFK begins service

**End 2005-Early 2006** - Completion of WTC 7

**Late 2006** - Permanent WTC PATH Terminal opens

**2009** - WTC PATH Terminal fully complete including pedestrian connections

(Sources: Lower Manhattan Development Corporation, Larry Silverstein)

**RESIDENTS IN LOWER MANHATTAN**

§ Of the total \$3.483 billion in disaster CDBG funds, \$160 million in individual assistance grants have been approved through the Residential Grants Program, as of 5/31/03.

(Source: NYC Independent Budget Office)

§ According to the Lower Manhattan Development Corporation, over \$172 million in grants have been approved and more than 38,000 applications received for the Residential Grant Program as of June 2003.

(Source: Lower Manhattan Development Corporation)

**BUSINESS IN LOWER MANHATTAN**

§ Of the total \$3.483 billion in disaster CDBG funds, \$856.1 million in business assistance grants have been approved through various programs, including Business Recovery Grants (BRG), Job Creation and Retention Grants and Loans, Small Firm Attraction and Retention Grants and Loans (SFARG), and Employment Training

Assistance.

(Source: NYC Independent Budget Office)

§ 63 large employers (those with more than 200 employees) have accepted incentive packages totaling nearly \$215 million offered by the city and state. In the aggregate, these agreements represent a commitment to preserve or create approximately 57,000 downtown jobs and to maintain a presence in Lower Manhattan for at least seven years.

(Source: NYC Economic Development Corporation and NYS Empire State Development Corporation)

## **LIBERTY BONDS**

§ As of the end of July, the city and state have allocated only \$962.5 million of the \$8 billion in Liberty Bond funding that is available to spur commercial and residential construction. There is concern that the full amount available will not be used before the authority to issue the bonds expires on December 31, 2004.

(Source: NYC Independent Budget Office)

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**Assessing the State of New York's Recovery from 9/11**  
**Public Hearing Convened by Member of Congress Carolyn Maloney**  
**Panel on Economy and Workforce**  
**Remarks by Kathryn Wylde, President & CEO, Partnership for New York City**

The 9/11 attack severely damaged New York City's economy, with both immediate and long term implications. According to a study conducted for the Partnership for New York City by a team of top management consultants, the direct cost of the attack was more than \$83 Billion in lost economic output, as well as a loss of 125,000 jobs. Insurance proceeds and federal aid have helped the city recoup a portion of this loss, but these funds are coming into the local economy slowly and there remains a huge gap that continues to dampen recovery.

In Lower Manhattan, projects are underway to improve pedestrian and vehicular access downtown. These interim improvements, together with the reopening of the PATH in November and imminent construction starts on rebuilding 7 World Trade Center and development of the new transit hub certainly will accelerate economic recovery downtown, which is still 70,000 jobs short of its pre 9/11 employment levels. Unfortunately, hundreds of small businesses ran out of funds during the past two years and will not be around to participate in the recovery.

Over and above the direct economic losses, 9/11 created a number of new challenges for the city's economy which we are struggling to understand and address. The cost and availability of insurance (property, liability, life and workers comp), for example, continues to be a far more serious issue in Manhattan than anywhere else in America, despite the federal antiterrorism insurance program. The cost of security, both for local government and the business community, has created another huge new burden on our tax base that has been only partially offset by federal Homeland Security aid to high risk cities.

Other implications continue to unfold. The possibility of another attack has resulted in businesses reviewing their concentrations of employees in Manhattan, to insure business continuity under all foreseeable circumstances. Virtually every large Manhattan-based company is reviewing its ability to maintain operations in the event that Manhattan Island is shut down. In the case of financial institutions, federal regulators have aggressively pushed for creation of redundant operating facilities outside the city. The Partnership has joined with the Bloomberg Administration in efforts to encourage Manhattan-based companies to relocate secondary operations within the five boroughs, but there are competitive issues of cost, amenities and accessibility that must be addressed to make borough business districts beyond Midtown and Lower Manhattan attractive for key business functions. This requires public investment that the city cannot afford on its own.

Many businesses have also reduced their on-site work force and cut back on business travel, encouraging workers to telecommute from home and to utilize videoconferencing rather than getting on an airplane. This change in work patterns, allowed by technology but accelerated by 9/11, has resulted in at least a 10% drop in international business travel, damaging the airline, hotel and retail industries. It has also led to reduced demand for Manhattan office space, as many

large firms – especially in professional services -- learned from their 9/11 experience that employees could work from home or a laptop office. Pre 9/11 averages of about 500 square feet of leased office space per employee have gone down to around 200 square feet for many businesses, with a dramatic impact on the office vacancy rate.

What is the state of NY's economic recovery two years after the attack? There is reason to be cautiously optimistic, based on indications that we have hit bottom and are headed in a positive direction, following the course of the national economy and the apparent recovery of the stock market. Typically, New York lags the nation in economic recovery by almost a year, due to our dependence on Wall Street and financial service industry bonuses. So it is not surprising that our recovery is slower than the rest of the country, only partially due to 9/11:

- The Gross City Product, as measured by the City Comptroller's office, has fallen steadily since early 2001 and dropped another 2.7% in the second quarter of 2003. (By comparison, the national GDP grew by 1.4% in that period.)
- Both the Mayor and Comptroller estimate that the city's GCP will continue to drop this year. The Mayor's estimate is 3.3%; the Comptroller's is 1.6%.
- The city's unemployment rate continues to run higher than that of the rest of the country. The city unemployment rate (not seasonally adjusted) was 7.6% in June; the state rate was 5.9% and the national rate was 6%.
- Both the Mayor and the Comptroller predict that the city will lose jobs in 2003. The Mayor's estimate of job loss is 75,000; the Comptroller's estimate is 54,900.

However, there is a general consensus that the city economy will begin to expand next year. The mayor is predicting job growth of 20,000; the Comptroller 12,800. Similarly, both predict growth in the city GCP. The Mayor predicts 2.9% growth, the Comptroller predicts 2% growth. In addition, the Federal Reserve is predicting that both economic growth and productivity will increase next year. However, they will likely increase at the same rate, which translates into little or no job growth.

City tax revenues are currently running ahead of projections. The City Council Finance Division forecasts that the city will raise \$401 million more in tax revenue in the 2003-04 fiscal year than originally projected, reflecting improved earnings among taxpayers.

Many of the sectors of the economy most affected by 9/11 are still struggling, including financial services, professional services and the media. Employment in the financial services sector has dropped by 45,000 since June 2001, a decrease of 9.3%. (483,500 then to 438,600 now)

Professional services also lost substantial jobs—51,000 in the last two years, a drop of nearly 8.8%. (585,000 then, 543,100 now) The informational sector, which includes publishing and broadcast media, lost 37,000 jobs—an 18% drop. (201,600 then, 164,400 now)

The retail and tourism sectors of the economy have stabilized. Retail employment has dropped only 6,000 in the last two years (2.3%). However, Manhattan high-end retail, dependent on

international travel, is still lagging.

Tourism is beginning to approach pre-2001 levels. It is estimated that the city will attract nearly 36 million tourists this year, which is close to the 36.2 million that came in 2000. However, the mix is different. We are now attracting more domestic tourists and fewer international tourists. That affects how much money tourists spend, since foreign tourists spend more money here. According to NYC & Company, tourists will spend \$15.5 billion this year, compared to \$17 billion in 2000.

Federal aid to date has been vital to stabilizing downtown, keeping many businesses from leaving, and attracting new residents to the area. The federal commitment to finance a new transportation infrastructure downtown is also critically important, although it is clear that more than the \$4.5B currently available for this purpose will be needed to efficiently connect Lower Manhattan firms to the regional labor pool. Further concerns are with Homeland Security, where the federal high risk pool has helped this year but future funding is still uncertain. The worst thing for the New York economy – and the national economy – would be to short change our terrorism prevention and intelligence efforts that are needed to preclude another attack. The Liberty Bonds have emerged as an important tool for helping finance economic development and housing, but the December 2004 deadline imposed by Congress must be extended to allow the city to utilize these bonds. Recovery has not happened quickly enough to meet the original deadline.

In summary, it is critical that the federal government continue to work closely with New York City to understand the far-reaching consequences of 9/11, to insure that the city recovers from that attack, and to prevent a recurrence. Clearly this will require more resources and a renewal of the same sense of urgency that generated the initial \$21B commitment to the city's rebuilding in the days following the attack.

## **Meyer Feig Bio**

Meyer Feig is the President and Chief Executive officer of The Intera Corp., an Executive Staffing and Consulting Firm formerly housed on the 18th floor of Two World Trade Center. He is the President and Founder of the WORLD TRADE CENTER TENANTS ASSOCIATION which he formed to address the overwhelming demand for information and assistance required by the many businesses that occupied the WTC complex and were abruptly dislocated by the tragic events of 9/11.

The purpose of the association is to serve as a forum for the exchange of ideas/information among the membership and to communicate the needs, in a unified voice, to elected and appointed officials, corporations and anyone else in a position to offer assistance.

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**Meyer Fieg, President and Founder**  
**WORLD TRADE CENTER TENANTS ASSOCIATION**  
**STATEMENT- September 3, 2003**

Although much has been done by the Federal, State, and City governments as well as some non-profits to assist those businesses most impacted by 9/11, there is much more that needs to be done for small businesses formerly housed in the WTC complex.

Some of the actions necessary for the reestablishment of our businesses areas follows:

- 1.A grant program strictly for the benefit of former WTC small businesses.
- 2.Tax exempt status of grants at the Federal, State, and City level.
- 3.Disaster SBA loans should be forgiven and converted to grants.
- 4.Preferred vendor status on Federal, State , and City contacts
- 5.Large corporations should open procurement opportunities to us as well.
- 6.Establishment of subsidized rent program for WTC complex tenants.

## Professional Background

# Moisés Pérez

Executive Director  
Alianza Dominicana, Inc.  
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New York, NY 10033  
(212) 740-1960  
fax (212) 740-1967

Moisés Pérez is a co-founder and Executive Director of Alianza Dominicana, Inc. (ADI), a multiservice, community-based organization which provides comprehensive and integrated services for children, youth, and families. With a staff of 150 persons, ADI is the largest human service organization in northern Manhattan, the site of the largest and most diverse concentration of Latinos and immigrants from the Dominican Republic in the state of New York. ADI's target area stretches well into the surrounding neighborhoods of the northwest and west Bronx that include Mott Haven, Kingsbridge, and the South Bronx. Founded in 1986 out of a public housing storefront under Mr. Pérez's leadership, ADI has developed a wide range of programs and services, which include:

**La Familia Unida Daycare and After School Program**

**The Center for Employment and Training:** operates CLAVE, a computer training and leadership program; a Part Time Job Club and the Summer Youth Employment Program for 2000 youth; provides counseling and training in work maturity, employability skills, and job-seeking techniques;

**The Center for Rehabilitation, Education, and Orientation (CREO):** a substance abuse training program for the entire family;

**The Family Assistance Program:** intensive assistance for families at risk of losing their children to the foster care system

**The Family Center at Holyrood Church:** mental health assistance, outreach and counseling for Dominican immigrant families;

**The HOPE Program:** a comprehensive service program for people living with AIDS; HIV/AIDS prevention and education; AIDS mental health counseling; HIV testing site;

**Centro Communal La Plaza:** the largest youth development program in the community, based at Intermediate School #143; arts, sports, recreation, cultural programs, counseling, youth leadership development, after school programs; also includes the most extensive adult education program, providing instruction in ESL, adult basic education, GED preparation, and others;

**ATTENDANCE IMPROVEMENT AND DROP OUT PREVENTION:** motivates at-risk youth to stay in school through tutoring, attendance monitoring, case management services, and home visits;

**The Triangle Project:** an innovative community revitalization project which will use a for-profit commercial development to support youth entrepreneurship, employment training programs, and social service activities;

**Center for Health Promotion and Education:** targets underinsured and uninsured community members who are not part of the health care system, and facilitates enrollment in either Medicaid or Child Health Plus health plans; also runs a Child Immunization Project;

**Project FAITH:** provides early intervention, outreach and preventive strategies within a managed care model to prevent domestic violence.

**Best Beginnings:** a child abuse prevention/home visiting program;

**Satellite Day Care:** trains mothers involved in welfare-to-work as child care providers.

### **Technical Assistance to Community-Based Organizations**

Prior to ADI, Mr. Pérez was a Management Specialist with **Community Service Society of New York (CSS)**, responsible for the day-to-day operations of its Center for Organizational Development. For 150 years, CSS has been a leader in the fight against poverty. Its pioneering work in this arena makes it the oldest social welfare institution in the City of New York. Through the Center, Mr. Pérez directed technical assistance efforts to over 400 community-based organizations in New York's poorest neighborhoods.

As a Senior Staff Associate with **Progress, Inc.** (The Puerto Rican Organization for Growth, Research, Education, and Self-Sufficiency), Mr. Pérez coordinated the provision of technical assistance to over 200 Puerto Rican and Latino community based organizations. Progress, Inc was then the primary provider of technical assistance and support to Puerto Rican and Latino community based organizations in the city of New York. Through Progress, Mr. Pérez directed a major organizing effort in the South Bronx, Washington Heights, the Lower East Side, and Bushwick, creating four teenage pregnancy prevention networks in response to a state-driven request for proposals. The Washington Heights and Lower East Side networks were funded and are still operational.

### **On the National Scene**

Mr. Pérez was one of 12 **National Urban League George Edmund Haynes Fellows**. The eighteen month fellowship program was created and organized by Vernon Jordan, President of the National Urban League as a teaching laboratory for young and promising minority leadership in the National Urban League system. As a fellow, Mr. Pérez had unlimited access to the President and top leadership of the League, participated in Board meetings, served on the convention planning committee, met with some of the most prominent African-American leaders of the nation, participated in major press conferences, and traveled extensively on assignment to National Urban League-affiliated organizations throughout the nation. Mr. Pérez authored a major proposal to introduce local affiliates to personal computing and organized a computing expo for affiliates in New Orleans.

### **Pioneering Work in Youth Development**

Mr. Pérez participated in the conceptualization and start up of three thriving national models in education and youth services.

Mr. Pérez is co-founder of **City as School**, an alternative high school of the New York City Board of Education. City as School was developed on the notion of "schools without walls" in the early '70's with support from the Ford Foundation. Mr. Pérez was responsible for marketing, student recruitment, and establishing numerous learning sites throughout the city such as the New York Aquarium, the Bronx Zoo, Brooklyn Polytechnic Institute, and the Society of the Americas.

From City As School, Mr. Pérez joined the development team of **The Door-A Center of Alternatives**. The Door evolved from a small storefront agency into a national/international model for comprehensive, integrated youth services serving as many as 450 youth under one roof on any given evening. During his 10 year tenure at The Door, Mr. Pérez played an instrumental role in the development of integrated systems for the delivery of youth development services and conducting interdisciplinary treatment planning. During his final years at The Door, Mr. Pérez traveled to Mexico City with a team of professionals to assist in the establishment of CORA, a comprehensive youth center modeled after The Door. Mr. Pérez then traveled extensively throughout Colombia as a consultant to Colombia's Minister of Health, Dr. Jairo Luna, through the Pan American Health Organization on the development of mental health initiatives for youth. The final report to Dr. Luna included recommendations for the development of a nationwide initiative to develop comprehensive youth programs. Finally, Mr. Pérez helped organize an international conference for youth programs seeking to model The Door in Toronto, Canada. Youth Programs from the United States, Canada, Australia, and Latin America participated in the conference.

After The Door, Mr. Pérez joined the development team that conceptualized and established **El Puente** in Williamsburg, Brooklyn. After a year of planning and organizing, El Puente opened its doors to the community. Today El Puente is the major service provider in the south side of Williamsburg.

#### **Other Professional Activities**

Mr. Pérez is well known in the Latino and human service communities through his membership and activism in numerous community-, city- and state-wide planning and advocacy boards. The most salient of these include:

**The Agenda for Children Tomorrow (ACT)**, of which Mr. Pérez is Co-Vice Chair and founding member. ACT is a citywide public/private consortium, now in its sixth year, whose main task is to restructure and deploy city services for children to the neighborhood level. The ACT Oversight committee is composed of private nonprofit leaders and city government commissioners and representatives. The task force is chaired by Barbara Bloom, President of the Foundation for Child Development, and Mr. Nicholas Scopetta, Commissioner of the Agency for Children Services of the City of New York. ACT operates in 10 of the neediest communities and is represented by organized service cabinets of local providers and city government representatives. In each of these communities, the local service cabinets have produced an in-depth needs assessment and worked on the development of a strategic redeployment plan for more effectively meeting the needs of children in the area.

#### **Co-Chair and Founder, Northern Manhattan Collaborates (NMC)**

NMC is a coalition of consortia that operates in the Washington Heights/Inwood community in northern Manhattan. The coalition is the broadest program planning and implementation body in the area. The membership includes the major institutions of the area, such as the Columbia Presbyterian Medical Center (no New York Presbyterian), the Isabella Geriatrics Center, Community and School Boards, the Chamber of Commerce, local elected officials, the Early Childcare Coalition, The Seniors Coalition, Business Improvement Districts, and all the nonprofit service providers of the area. NMC has completed two major needs assessments of the community, authored a Strategic Neighborhood Action plan, operated the State Neighborhood Based Alliance program, and is currently developing a comprehensive business plan for the community through a NY Community Trust grant.

#### **Founding Member, The Hispanic Federation of New York City**

The Hispanic Federation is the most important association of Latino community based organizations in the City of New York. The Federation provides support to its memberships and advocates for the needs and concerns of the Latino community.

#### **Other Affiliations**

Latino Advisory Board, Comptroller of the City of New York  
Member, the Latino Commission on Educational Reform  
Board Member, Tri State Latino Fund  
Member, Northern Manhattan Mental Health Council  
Member, Human Services Council of New York  
Member, Statewide AIDS Service Delivery Consortium  
Member, the Latino Commission on AIDS  
Board Member, National Collaborative on Youth Violence Prevention (NYC)

#### **Awards**

Staff of Alianza Dominicana, 1993  
Governor's Award for Hispanic Americans of Distinction, 1993  
(given by New York Governor Mario Cuomo)  
NYS Decade of the Child/First Lay Award, 1994  
Reliance Award for Excellence in Education, 1992  
Ellen Lurie Award for Community Service, 1996



American Public Health Association, 1996  
Institute for Youth Entrepreneurship, 1995  
Imagen, Santo Domingo Invita, 1994  
Comptroller's Award, 1993  
Black Leadership Commission on AIDS, 2003  
Eureka Communities Award, 1994  
1991 NY/NY Agreement on Measles Immunization, 1992  
Manhattan North Lioness Club, 1992  
Latino College Expo, 1994  
The Society of Dominican Engineers, 1991  
National Supermarkets Association, Role Model Award, 1996  
NYS Department of Health, AIDS Institute, 1996  
National Conference of Puerto Rican Women, 1994  
Manhattan Neighborhood Network, 1994  
President of the Borough of Manhattan, 1990  
NYC Department of Parks, 1994  
Juegos Deportivos de la Mancomunidad Dominicana, 1993  
Lo Mejor del Deporte, 1997  
Centro de Estudios Dominicanos, 1991

The Manhattan Chamber of Commerce and its international affiliate, The Manhattan International Development Corporation support the business community through legislative initiatives, 3-4 networking events and seminars per month, web site marketing, international outreach and partnerships with many other business organizations and trade associations in all industries. We have over 1350 members located in Manhattan, NYC as a whole and the tri-state area. And we partner in NYC with over 100 industry organizations to create opportunities for business development for our members. Please visit [www.manhattancc.org](http://www.manhattancc.org) for more information on our chamber or call 212-479-7772 for information.



### **Biography of Nancy Ploeger**

Ms. Ploeger was the Executive Director of The Manhattan Chamber of Commerce from Jan. 1994 to Jan. 2003 when she was named President. Ms. Ploeger spearheaded the growth of the organization from 200-1500+ members and instituting many seminars, events, active website and benefits for members. In addition, Ms. Ploeger developed and oversees the MCC Community Benefit Fund (CBF) and the Manhattan International Development Corporation (MIDC), both 501c(3) affiliates of MCC. The CBF has granted over \$2.0 million to the non-profit community on Manhattan's upper eastside. These funds are raised through 2 of the largest street fairs in NYC, the 2<sup>nd</sup> & 3<sup>rd</sup> Ave. Fairs on the eastside which Ms. Ploeger manages. The MIDC is a non-profit educational organization designed to help Manhattan based businesses understand the global marketplace and take advantage of international trade to grow their businesses.

Prior to joining to the Chamber, Ms. Ploeger spent 12 years helping to build one of New York City's premiere health and fitness corporations, The New York Sports Clubs/TSI. As Vice President of Operations and Human Resources at TSI, she was responsible for overseeing 28 health clubs with over 1,000 employees in New York, Washington, Boston and Switzerland.

Ms. Ploeger began her career in NYC with Federated Department Stores in Executive Search and Recruitment, building Federated's in-house national placement division for eight years, managing a recruitment division of 8 employees.

Born in St. Louis, Missouri, Ms. Ploeger has traveled extensively and moved to NYC immediately after attending college. She enjoys playing squash and taking travel, sports and human-interest photographs in her spare time, volunteering her photography services for a number of not-for-profit organizations in the city. She also sits on the Board of Directors for several other non-profit organizations:

The Doe Fund

Explorer's

New York Women's Agenda (VP Economic Security)

New York Women's Chamber of Commerce

NY District Export Council

Beth Israel Hospital/North Division Advisory Bd.

Downtown Business Network



## **RANDALL BOURSCHIEDT BIO**

Randall Bourscheidt has been the President of the Alliance for the Arts since 1990, following a decade of public service as Deputy Commissioner of Cultural Affairs from 1978 to 1987. At the Alliance for the Arts, he has expanded research into the economic impact of and financial support for the arts and established the Citywide Cultural Database. He has overseen the publication of *The Arts as an Industry* (1993), *The Economic Impact of the Arts on New York City and New York State* (1997), and *Who Pays for the Arts?* (2001). He established the Estate Project for Artists with AIDS in 1990.